

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

| | | | |
|--|--|---------------------------|--------------------|
| Unit Name* Solon-Centerville Fire Department | County* LAPEER | Type* OTHER | MuniCode* 45-7-012 |
| Opinion Date-Use Calendar* Aug 28, 2008 | Audit Submitted-Use Calendar* Sep 30, 2008 | Fiscal Year End Month* 03 | Fiscal Year* 2008 |

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

- ☒ ☐ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ ☐ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☒ ☐ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ ☐ 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- ☒ ☐ 5. Did the local unit adopt a budget for all required funds?
- ☒ ☐ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ ☐ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ ☐ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ ☐ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ ☐ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ ☐ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☒ ☐ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ ☐ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
- ☒ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ ☐ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☒ ☐ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☐ ☐ 18. Are there reported deficiencies? ☐ 19. If so, was it attached to the audit report?

| | |
|----------------------------|--|
| General Fund Revenue: | <input type="checkbox"/> \$ 240,124.00 |
| General Fund Expenditure: | <input type="checkbox"/> \$ 236,747.00 |
| Major Fund Deficit Amount: | \$ 0.00 |

| | |
|--|--|
| General Fund Balance: | <input type="checkbox"/> \$ 162,480.00 |
| Governmental Activities Long-Term Debt (see instructions): | <input type="checkbox"/> |

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

| | | | | |
|------------------------------------|-----------------------------------|--------------------------------------|-------------------|------------------------------|
| CPA (First Name)* David | Last Name* Wilson | Ten Digit License Number* 1102002446 | | |
| CPA Street Address* PO Box 205 | City* Interlochen | State* MI | Zip Code* 49643 | Telephone* +1 (231) 276-7668 |
| CPA Firm Name* David E Wilson, CPA | Unit's Street Address* PO Box 253 | Unit's City* Cedar | Unit's Zip* 49621 | |

Solon-Centerville Fire Department

Cedar, MI

Audit Report

For Year Ended
March 31, 2008

David E Wilson, CPA
PO Box 205
Interlochen, MI 49643
(231) 276-7668

SOLON-CENTERVILLE FIRE DEPARTMENT
TABLE OF CONTENTS

Page No.

| | |
|-------|--|
| 1 | Report on Compliance and Internal Control Procedures |
| 2 | FINANCIAL STATEMENTS |
| 3 | Independent Auditor's Report |
| 4-6 | Management Discussion and Analysis |
| 7 | Statement of Net Assets |
| 8 | Statement of Activities |
| 9 | Balance Sheet - All Governmental Fund Types |
| 10 | Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types |
| 11-14 | Notes to General Purpose Financial Statements |
| 15 | <u>Supplemental Statements</u> |
| 16 | Accountants Supplemental Report |
| 17 | <u>General Fund</u> |
| 18 | Balance Sheet General Fund |
| 19 | Statement of Revenues, Expenditures and Changes in Fund Balance - Budget vs. Actual General Fund |
| 20 | <u>Non- Major Funds</u> |
| 21 | Balance Sheet |
| 22 | Statement of Revenues, Expenditures & Changes in Fund Balance |
| 23 | Balance Sheet - Memorial Fund |
| 24 | Statement of Revenues, Expenditures & Changes in Fund Balance - Memorial Fund |

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Solon-Centerville Fire Department Board
Cedar, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Solon-Centerville Fire Department, Cedar, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Solon-Centerville Fire Department's basic financial statements and have issued our report thereon dated June 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Solon-Centerville Fire Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Solon-Centerville Fire Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the management and department board and is not intended to be and should not be used by anyone other than these specified parties.



Interlochen, MI
August 28, 2008

FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REPORT

To the Fire Department Board
Solon-Centerville Fire Department
Cedar, MI

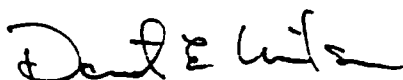
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Solon-Centerville Fire Department, as of and for the year ended March 31, 2008, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Solon-Centerville Fire Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Solon-Centerville Fire Department, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 19 through 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Solon-Centerville Fire Department's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Interlochen, MI

August 28, 2008

Solon-Centerville Fire Department

Management Discussion and Analysis

This discussion and analysis provides an overview of the Department's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the department's financial statements.

Financial Highlights:

Using this Annual Report:

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Solon-Centerville Fire Department as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Fund Financial Statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund Financial Statements also report the Department's operations in more detail than the Government-Wide Financial Statements by providing information about the Department's most significant funds. The Fiduciary Fund Statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Department's Most Significant Funds:

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas where the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.

The Department as a Whole:

The following table shows current year net assets:

| | |
|--------------------------------------|------------------|
| Assets | |
| Cash | 286,224 |
| Other Current Assets | 19,687 |
| Capital Assets Net | <u>852,064</u> |
| Total Assets | 1,157,975 |
| Liabilities and Net Assets | |
| Liabilities | 9,477 |
| Net Assets | <u>1,148,498</u> |
| Total Liabilities and Net Assets | 1,157,975 |

The Township's combined net assets decreased 1% from 2 year's ago - decreasing from \$1,245,964 to \$1,157,975. This was primarily due to depreciation on assets.

| | |
|----------------------|--------------------|
| | 2008 |
| Revenue | |
| Taxes | 78,272 |
| Interest and Rental | 11,481 |
| State Grants | 1,492 |
| Charges for Services | 128,446 |
| Other | <u>25,002</u> |
| Total Revenue | 244,693 |
| Expenditures | <u>290,114</u> |
| Excess Revenue | (45,421) |

The Solon-Centerville Fire Department 's Funds:

Our analysis of the Township's major funds begins in the supplemental data following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millage.

General Fund Budgetary Highlights:

Over the course of the year the Department Board was able to maintain the Department departments within their prescribed budgets.

Capital Asset and Debt Administration:***Capital Assets***

The Fire Department made no major capital improvements during the year. All assets are fully depreciated.

Debt

The Fire Department has no debt.

Economic Factors and Next Year's Budgets and Rates:

Joyfield Township's 2008-2009 budget calls for the allocated millages to support the general fund.

General Overview of the Accomplishments of Solon-Centerville Fire Department in the 2007-2008 Fiscal Year:

The Department finances have been managed very closely during this fiscal year. This is reflected in an increase of the General Fund balance. The Solon-Centerville Fire Department is in a healthy state as a whole.

Contacting the Township's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Solon-Centerville Fire Department's finances and to show the Department's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact our office at (231) 275-5267.

**Solon-Centerville Fire Department
Statement of Net Assets**

As of March 31, 2008

Assets

| | |
|----------------------------------|-------------------------|
| Cash and Investments | \$286,224 |
| Accounts Receivable | 13,344 |
| Taxes Receivable | 0 |
| Prepaid Insurance | 6,343 |
| Due From Other Agencies | 0 |
| Fixed Assets Net of Depreciation | 852,064 |
| Total Assets | <u><u>1,157,975</u></u> |

Liabilities and Fund Balance

Liabilities

| | |
|--------------------------|--------------|
| Accounts Payable | 9,477 |
| Accrued Salaries & Wages | 0 |
| Deferred Revenue | 0 |
| Due to Other Agencies | 0 |
| Total Liabilities | <u>9,477</u> |

Fund Equity

| | |
|------------------------------------|-------------------------|
| Net Assets | 852,064 |
| Reserved for Equipment Replacement | 5,133 |
| Unreserved | 291,301 |
| Total Net Assets | <u><u>1,148,498</u></u> |

| | |
|----------------------------------|---------------------------|
| Total Liabilities and Net Assets | <u><u>\$1,157,975</u></u> |
|----------------------------------|---------------------------|

Reconciliation of Governmental:

| | |
|------------------------------------|---------------------------|
| Unreserved Fund Balance | \$291,301 |
| Reserved for Equipment Replacement | \$5,133 |
| Add Net Assets | 852,064 |
| Unreserved Net Assets | <u><u>\$1,148,498</u></u> |

For Year Ended March 31, 2008

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Solon-Centerville Fire Department
Balance Sheet - All Governmental Fund Types

As of March 31, 2008

| | Governmental Fund Types | | | Total Governmental |
|---|-------------------------|------------------|-----------------------------|-----------------------|
| | General Fund | Memorial Fund | Other Non-Major Funds | |
| Assets | | | | |
| Cash and Investments | \$152,369 | \$128,722 | \$5,133 | \$286,224 |
| Accounts Receivable | 13,344 | | | 13,344 |
| Taxes Receivable | 0 | | | 0 |
| Prepaid Insurance | 6,343 | | | 6,343 |
| Construction Work In Progress | 0 | | | 0 |
| Total Assets | 172,056 | 128,722 | 5,133 | 305,911 |
| Liabilities and Fund Balance | | | | |
| Liabilities | | | | |
| Accounts Payable | 9,477 | | 0 | 9,477 |
| Accrued Salaries & Wages | | | | 0 |
| Deferred Revenue | | | | 0 |
| Due to Other Agencies | | | | 0 |
| Due to Other Funds | | | 0 | 0 |
| Total Liabilities | 9,477 | | 0 | 9,477 |
| Fund Equity | | | | |
| Fund Balances: | | | | |
| Reserved for Equipment Replacement | | | 5,133 | 5,133 |
| Unreserved | 162,579 | 128,722 | | 291,301 |
| Total Fund Equity | 162,579 | 128,722 | 5,133 | 296,434 |
| Total Liabilities and Fund Balance | \$172,056 | \$128,722 | \$5,133 | \$305,911 |

Solon-Centerville Fire Department
Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types

For the Year Ended March 31, 2008

| | Governmental Fund Types | | | Total Governmental |
|--|----------------------------|------------------|-----------------------------|-----------------------|
| | General Fund | Memorial Fund | Other Non-Major Funds | |
| Revenues | | | | |
| Taxes | \$78,272 | | \$0 | \$78,272 |
| State of Michigan | 1,492 | | | 1,492 |
| Charges for Services | 86,001 | | | 86,001 |
| Ambulance Runs | 42,445 | | | 42,445 |
| Annual Support | 22,000 | | | 22,000 |
| Interest Earnings | 6,912 | 4,534 | 35 | 11,481 |
| Other | 3,002 | | | 3,002 |
| Total Revenues | 240,124 | 4,534 | 35 | 244,693 |
| Expenditures | | | | |
| Ambulance | 119,900 | | | 119,900 |
| Fire | 116,847 | | | 116,847 |
| Total Expenditures | 236,747 | 0 | 0 | 236,747 |
| Excess Revenue (Expenditures) | 3,377 | 4,534 | 35 | 7,946 |
| Operating Transfers In | 0 | | 0 | 0 |
| Operating Transfers (Out) | | | 0 | 0 |
| Fund Balance/Retained Earnings - Beginning of Year | 159,103 | 124,188 | 5,098 | 288,389 |
| Fund Balance/Retained Earnings - End of Year | \$162,480 | \$128,722 | \$5,133 | \$296,335 |

**SOLON-CENTERVILLE FIRE DEPARTMENT
FOOTNOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDING 03/31/2008**

1. Summary of Significant Accounting Policies

The accounting policies of the Fire Department conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

A. Reporting Entity

Solon-Centerville Fire Department is located in Leelanau County, Michigan. The Fire Department is governed by a joint board. Services are provided to residents of Solon Township and Centerville Township. The criteria established for determining the various agencies and boards to be included in the Fire Department's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Fire Department. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials."

B. Summary of Significant Accounting Policies

Basis of Presentation

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Beginning with the fiscal year 2006-07 Solon-Centerville Fire Department converted to GASB 34 reporting standards. This creates a new report at the fund level which reports the general fund and only major funds with the remainder reported in one column as "Other Non-major Funds". It also eliminates the groups of accounts and the internal service funds. The new top level reports uses full accrual accounting which includes the fixed assets with appropriate depreciation and long term debt.

Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Enterprise funds should be accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the accounting period in which it is earned and becomes measurable. Expenses are recognized in the accounting period incurred, if measurable.

**SOLON-CENTERVILLE FIRE DEPARTMENT
FOOTNOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDING 03/31/2008**

The accounting policies of Solon-Centerville Fire Department conform to generally accepted accounting principles and include the following fund types:

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from local distributions, grants, and charges for fire and ambulance runs.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of fund.

The *equipment sinking fund* account for financial resources to be used for the acquisition of equipment. The principal source of revenues for this fund is operation transfers from the general fund.

C. Budgets and Budgetary Accounting

The general fund and enterprise fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis the same as the modified accrual basis used to reflect operations and include those amounts formally appropriated by the Fire Department Board.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Excess of Expenditures over Appropriations

The local unit shall not incur expenditures in excess of appropriations. This also requires a disclosure of all such functional areas which exceeded budget. As such, a budgeted statement is included in the supplementary data portion of these financial statements. Those accounts which had a material excess in expenditures over appropriations are as listed below:

| | Budget | Actual | Variance |
|--------------|----------|----------|----------|
| Fuel and Oil | \$16,913 | \$20,569 | \$3,656 |

The primary reason for the Variance is the account payable for fuel which was adjusted at year end.

3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Fire Department, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.

**OLON-CENTERVILLE FIRE DEPARTMENT
FOOTNOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDING 03/31/2008**

2. In any account or depository which is a member of the F.D.I.C. or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more than 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

4. Cash and Investments

Deposits of the Fire Department are as authorized by the Fire Department Board. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of Solon-Centerville Fire Department have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

| | <u>Carrying Value</u> |
|-----------|-----------------------|
| Insured | \$ 286,224 |
| Uninsured | \$ 0 |

5. Capital Assets

| | <u>3/31/07</u> | <u>Additions</u> | <u>Deletions</u> | <u>3/31/08</u> |
|---|------------------|--------------------|------------------|------------------|
| Governmental Activities | | | | |
| Building and Improvements | \$658,000 | \$ - | \$ - | \$658,000 |
| Vehicles | 584,147 | - | - | 584,147 |
| Equipment | <u>88,342</u> | <u>-</u> | <u>-</u> | <u>88,342</u> |
| | 1,330,489 | - | - | 1,330,489 |
| Less Accumulated Depreciation | <u>(424,959)</u> | <u>(53,466)</u> | <u>-</u> | <u>(478,425)</u> |
| Governmental Activities Capital Assets, Net | <u>\$905,530</u> | <u>\$ (53,466)</u> | <u>\$ -</u> | <u>\$852,064</u> |

**OLON-CENTERVILLE FIRE DEPARTMENT
FOOTNOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDING 03/31/2008**

6. Pension Plan

The Fire Department does not participate in a defined contribution pension plan. All employees are covered by Social Security.

7. Changes in General Fixed Assets

General Fixed Assets have been acquired for general Fire Department purposes and at the time of purchase were recorded as expenditures. The assets have been capitalized in the General Fixed Asset records as required by GASB 34. As a Fire Department policy, assets valued at less than \$2,500 are considered to be supplies and are not recorded as fixed assets. As of this report date, the Fire Department assets are fully depreciated.

8. Compensated Absences and Post Employment Benefits

The Fire Department does not pay for compensated absences and has no post employment benefits.

9. Contingent Liabilities

There are no known contingent liabilities.

10. Risk Management

The Fire Department carries commercial insurance as a protection against risk.

11. Inventories

The Fire Department does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses at time of purchase.

SUPPLEMENTARY INFORMATION

To the Solon-Centerville Fire Department
Cedar, MI

We have audited the combined financial statements of Solon-Centerville Fire Department for the year ended March 31, 2008. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.



Interlochen, MI
August 28, 2008

General Fund

Solon-Centerville Fire Department
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget Vs Actual
General Fund
For the Year Ended March 31, 2008

| | Budget Beg. Year April 01, 2007 | Budget Year Ended March 31, 2008 | Actual Year Ended March 31, 2008 | Variance Favorable (Unfavorable) |
|--|---------------------------------------|--|--|--|
| Revenue | | | | |
| Current Property Taxes | \$75,000 | \$75,000 | \$78,272 | \$3,272 |
| Grant Money | 0 | 0 | 1,492 | 1,492 |
| Earned Interest | 2,000 | 2,000 | 6,912 | 4,912 |
| Annual Support | 22,000 | 22,000 | 22,000 | 0 |
| Ambulance Runs | 35,000 | 35,000 | 42,445 | 7,445 |
| Fire Contracts | 86,000 | 86,000 | 86,001 | 1 |
| Other | 5,000 | 5,000 | 3,002 | (1,998) |
| Total Revenue | 225,000 | 225,000 | 240,124 | 15,124 |
| Expenditure | | | | |
| Ambulance Operating Budget | | | | |
| Training | 8,000 | 8,000 | 1,937 | 6,063 |
| Salaries and Benefits | 123,000 | 112,919 | 109,764 | 3,155 |
| Contract Billing | 4,500 | 4,500 | 4,330 | 170 |
| Supplies | 3,000 | 3,000 | 2,231 | 769 |
| Repairs and Maint | 3,000 | 3,000 | 1,638 | 1,362 |
| Other | 5,000 | 5,000 | | 5,000 |
| Total Ambulance | 146,500 | 136,419 | 119,900 | 16,519 |
| Fire Operating Budget | | | | |
| Fuel and Oil | 12,000 | 16,913 | 20,569 | (3,656) |
| Utilities | 3,500 | 3,500 | 3,047 | 453 |
| Telephone | 2,000 | 2,098 | 1,747 | 351 |
| Insurance | 32,000 | 32,000 | 31,992 | 8 |
| Salaries and Benefits | 18,000 | 18,000 | 13,034 | 4,966 |
| Repairs and Maint | 22,200 | 22,932 | 6,916 | 16,016 |
| Firemen | 12,000 | 12,000 | | 12,000 |
| Supplies | 18,000 | 18,000 | 8,638 | 9,362 |
| Vehicle Main and Rep | 5,000 | 5,000 | 5,582 | (582) |
| Certification | 1,000 | 1,000 | | 1,000 |
| Office | 2,500 | 2,500 | 2,233 | 267 |
| Turn Out Gear | 7,200 | 7,200 | 7,275 | (75) |
| Physicals | 7,200 | 7,200 | 5,820 | 1,380 |
| Equipment Upgrade | 9,900 | 9,900 | 1,068 | 8,832 |
| Tanker Upgrade | 3,200 | 3,200 | | 3,200 |
| Other | 7,100 | 11,436 | 8,926 | 2,510 |
| Total Other Expenditures | 162,800 | 172,879 | 116,847 | 56,032 |
| Total Expenditures | 309,300 | 309,298 | 236,747 | 72,551 |
| Excess Revenues | (84,300) | (84,298) | 3,377 | (57,427) |
| Excess Revenue & Other Financing Uses Over (Under) Expenditures | | | 3,377 | |
| Fund Balance - Beginning of Year | | | 159,103 | |
| Fund Balance - End of Year | | | <u>\$162,480</u> | |

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Non-Major Funds

**Solon-Centerville Fire Department
Combining Balance Sheet
Non-Major Special Revenue Funds**

As of March 31, 2008

| | Equipment Sinking Fund | Total |
|--|------------------------------|-----------------------|
| <u>Assets</u> | | |
| Cash in Bank | \$5,133 | \$5,133 |
| Prepaid Insurance | | 0 |
| Due From General Fund | 0 | 0 |
| | <u>5,133</u> | <u>5,133</u> |
| Total Assets | 5,133 | 5,133 |
| <u>Liabilities and Fund Balance</u> | | |
| Liabilities | | |
| Accounts Payable | | 0 |
| Due to General Fund | | 0 |
| Total Liabilities | <u>0</u> | <u>0</u> |
| Fund Balance | | |
| Reserved for Equipment Replacement | | 0 |
| Unreserved | 5,133 | 5,133 |
| Total Fund Balance | <u>5,133</u> | <u>5,133</u> |
| Total Liabilities and Fund Balance | <u>\$5,133</u> | <u>\$5,133</u> |

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Solon-Centerville Fire Department
Combining Statement of Revenues, Expenditures & Changes in Fund Balance
Non-Major Special Revenue Funds

For The Year Ended March 31, 2008

| | Equipment Sinking Fund | Total |
|----------------------------------|------------------------------|-----------------------|
| <u>Revenues</u> | | |
| Property Taxes | \$0 | \$0 |
| Delinquent Property Taxes | | 0 |
| State of Michigan | | 0 |
| Interest | 35 | 35 |
| Miscellaneous | | 0 |
| Total Revenue | <u>35</u> | <u>35</u> |
| <u>Expenditures</u> | | |
| Contract Services | | 0 |
| Capital Expenditures | | 0 |
| Miscellaneous | | 0 |
| Total Expenditures | <u>0</u> | <u>0</u> |
| Excess Revenue (Expenditures) | 35 | 35 |
| Transfer From General Fund | | 0 |
| Fund Balance - Beginning of Year | <u>5,098</u> | <u>5,098</u> |
| Fund Balance - End of Year | <u><u>\$5,133</u></u> | <u><u>\$5,133</u></u> |

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Solon-Centerville Fire Department
Balance Sheet
Memorial Fund**

As of March 31, 2008

Assets

| | |
|-----------------------|-----------------------|
| Cash In Bank | \$128,722 |
| Due from General Fund | <u>0</u> |
| Total Assets | <u><u>128,722</u></u> |

Liabilities and Fund Balance

| | |
|------------------------------------|-------------------------|
| Fund Balance | |
| Reserved for Equipment Replacement | 0 |
| Unreserved | <u>128,722</u> |
| Total Fund Balance | <u><u>128,722</u></u> |
| Total Liabilities and Fund Balance | <u><u>\$128,722</u></u> |

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Solon-Centerville Fire Department
Statement of Revenues, Expenditures & Changes in Fund Balance
Memorial Fund

For The Year Ended March 31, 2008

| | |
|----------------------------------|-------------------------|
| <u>Revenues</u> | |
| Sales | \$0 |
| Interest | <u>4,534</u> |
| Total Revenue | <u>4,534</u> |
| <u>Expenditures</u> | |
| Maintenance and Improvement | 0 |
| Capital Expenditures | <u>0</u> |
| Total Expenditures | <u>0</u> |
| Excess Revenues (Expenditures) | 4,534 |
| Fund Balance - Beginning of Year | <u>124,188</u> |
| Fund Balance - End of Year | <u><u>\$128,722</u></u> |

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

August 28, 2008

To The Solon-Centerville Fire Department Board
Solon-Centerville Fire Department
Cedar, Michigan

We have audited the financial statements of Solon-Centerville Fire Department for the year ended March 31, 2008 and have issued our report thereon dated June 24, 2008. Professional standards require that we provide you the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated March 20, 2008 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Accounting Policies

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by Solon-Centerville Fire Department are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Solon-Centerville Fire Department's books during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transactions occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material; either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements of the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Comments

The segregation of duties is an issue because of the size and nature of the Fire Department. It would be a good thing if someone on the Board would verify the bank reconciliations on a monthly basis.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We wish to thank the staff for their support and assistance during our audit.

This information is intended solely for the use of the Department Board, and management of Solon-Centerville Fire Department and is not intended to be and should not be used by anyone other than these specified parties.

Interlochen, MI
August 28, 2008